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May 9, 2011

The Honorable Maggie Hart Stebbins
Chairwoman
Bernalillo County Board of Commissioners
One Civic Plaza, NW
Albuquerque, NM 87102

Dear Chairwoman Stebbins:

This letter responds to your request for information about the work and accomplishments the firm of Murray, Montgomery and O'Donnell have had working on behalf of Bernalillo County in Washington, D.C. As I mentioned to you recently, the original reason the firm was hired to work for the County was to help obtain federal funding for the South Valley groundwater contamination problem caused by use of septic tanks. In the first three years of our work we were able to secure nearly \$22 million to move South Valley residents from septic systems to connections with the Albuquerque sewer system. Over the past five fiscal years (FY 05 - FY 10) the County received more than \$88 million in direct federal appropriations and infrastructure authorizations (see attached).

More recently in FY 11, MMO assisted the County in securing \$7.5 million in the FY 11 Senate Omnibus Appropriations bill (\$5.8 million for the SW Valley Flood Reduction and \$1.7 million for Sunport Boulevard). Unfortunately, the FY 11 appropriations bill did not become law as the appropriations process dragged into 2011 and culminated a Continuing Resolution (CR) that cut federal funding and eliminated earmarks. While we cannot take credit for helping to obtain \$7.5 million in FY11 federal funds, the record is clear about our effectiveness in working with County officials and the New Mexico Congressional delegation to include the \$7.5 million in the Omnibus bill. In addition, \$1.5 million was secured through the Economic Development Administration to renovate and expand the Highland Theater.

In working for the County on a variety of issues and legislative measures, it is necessary to anticipate Congressional and Administration actions as much as possible. When we saw the possibility last summer that Congress might move in the direction of imposing a moratorium on Member directed spending, we prepared a federal grant program matrix and sent it to the County with the recommendation that County departments begin looking at federal grant opportunities. In addition, we prepared a legislative strategy in consultation with County officials to guide us through federal legislative and grant funding challenges over the next year.

Fundamentally, whether you pursue earmarks or grants, seeking federal aid is a marketing and sales venture. It starts with County Commissioners, department heads and staff setting priorities and determining what projects or initiatives might be funded with a federal grant. In some cases, the county could take advantage of "field initiated" grant competitions. In this situation, funding for a project is obtained because a local sponsor (the County) develops a grant proposal based on a local

situation/issue that could be eligible for federal funding. The local sponsor defines the project and goals and requests a federal agency to fund the field initiated project. Not all federal agencies have this type of grant funding available, but it is worthwhile to find those that do and try to match grant availability with County priorities.

The grant funding effort requires us to meet with federal agency officials to match County projects with grant opportunities. Once a grant opportunity is identified, we work with the County and federal agency staff to develop a competitive grant application. Often federal staff is available to answer questions about the agency's priorities and elements that make an application competitive. We also get federal agency staff to provide feedback on the agency's evaluation of a grant submission in order to improve the quality and competitiveness of future applications.

While we are working with the County to secure funding for high priority project funding through grants, we are focused on protecting existing federal formula revenue sources for Bernalillo County like Community Development Block Grant (CDBG), State Criminal Assistance Payment Program (SCAAP), Payment In Lieu of Taxes (PILT), Bureau of Justice Assistance and others.

In December 2010, we consulted with staff on a list of the County's 2011 high priority projects with potential for federal grant funding. The list helps guide our work with federal agencies and the New Mexico Congressional delegation. We make calls to federal agencies about the eligibility requirements that are part of the grant process. We check with federal staff about what the agency is looking for in a grant application and report that to County staff. During the course of the County's federal program year, issues and projects arise that were not known when the County's federal priorities are adopted by the Commission. For example, in 2008 the IRS adopted a final rule that would establish a "Normal Retirement Age" for public pension plans. Currently, many public pension plans use a combination of years of service and age to determine benefit eligibility. We worked with NASRA and the Congressional delegation to delay implementation of the rule until January 1, 2013 and are continuing to work towards permanently repealing the rule. In 2010, efforts were initiated by local governments to repeal a 2005 tax bill provision that would impose a three percent withholding tax on local governments for goods and services contracts and remit the funds to the federal Treasury. On the withholding issue, we have been working with the US Chamber of Commerce and the Government Withholding Relief Coalition to stop the implementation of the 3% withholding law. The law, which was enacted by Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222) as section 3402(t) of the Internal Revenue Code, provides that "the Government of the United States, every State, every political subdivision thereof, and every instrumentality of the foregoing (including multi-State agencies) making any payment to any person providing any property or services (including any payment made in connection with a government voucher or certificate program which functions as a payment for property or services) shall deduct and withhold from such payment a tax in an amount equal to 3 percent of such payment. There are financial impacts to local governments if Section 511 is not repealed before the end of 2011.

Another current effort is work with the Albuquerque Bernalillo County Water Utility Authority (WUA) and the Carnuel Mutual Domestic Water and Waste Water Consumer Association (MDW&WWCA) to clarify arrangements between the two entities to use Department of Agriculture Rural Development Service (RDS) grant funds for a Carnuel water and wastewater system. We have worked with Senator Tom Udall's and the WUA's staff to help get discussions on track that will allow RDS grant funds to build a pipeline and enable the WUA to act as the fiscal agent for the MDW&WWCA. In another water related issue, we met with the Corps of Engineers Albuquerque District office during our December 2010 visit to County to discuss the opportunities for the County to work with the Albuquerque Corps District to find funding to complete the Southwest Valley Flood Reduction project. The \$5.8 million that was earmarked in the FY 11 Omnibus Appropriations bill would have completed the project. The Corps and County are faced with the challenge of finding funds to finish the project. We have advised County officials that they need to

stay in close contact with the Corps to take advantage of any funding that might become unexpectedly available.

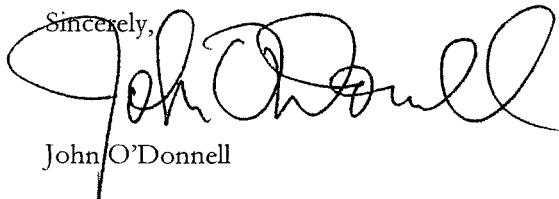
Recently, we submitted on behalf of the County a request to Senators Tom Udall and Jeff Bingaman for a \$25 million Water Resources Development Act (WRDA) environmental infrastructure provision in the 2011 WRDA bill being assembled by the Senate. Senator Udall is on the authorizing committee responsible for WRDA. In 1999, the Congressional delegation had a provision added to the WRDA bill (Public Law 106-53) that authorized \$25 million for environmental infrastructure funds in central New Mexico for the counties of Bernalillo, Valencia and Sandoval. Thus far \$50 million has been spent or obligated in the three counties for projects. Working with the Congressional delegation, we are trying to obtain an additional \$25 million.

Between 2000 and 2007, we were successful obtaining highway appropriations for the County. Since last summer, we talked with the City of Albuquerque, Bernalillo County and Mid Region Council of Governments about project authorizations in the next surface transportation bill. The authorization of the current act, SAFETEA-LU, has been extended seven times over the past two years. A two year authorization bill might be approved during 2011, but plans for a six year authorization will have to wait definitely for the 2012 elections to pass. The major stumbling block is the source of revenue to pay for a \$500 billion bill. Our discussions with the County, City and MRCOG have been focused on the need to have a regional highway project supported by the three entities and for each to have a smaller, priority project for authorization.

I hope this letter provides you with a useful description of our accomplishments on behalf of the County, an accounting of our current work and the plan for continuing to address the County's federal priorities.

We look forward to continuing our work on behalf of Bernalillo County to seek federal funds, secure special legislative provisions to protect the County and avoid unfunded federal mandates.

Sincerely,

A handwritten signature in black ink, appearing to read "John O'Donnell". The signature is fluid and cursive, with the first name "John" being more prominent and the last name "O'Donnell" written in a more compact, connected style.

John O'Donnell

Bernalillo County Appropriations and Authorization (FY 05 through FY 10)

FY 05 (Public Law 108-447)

South/North Valley	\$1,800,000
SW Valley Flood Damage Study	\$350,000
Black Mesa- Central New Mexico	\$5,000,000
Total	\$7,150,000

FY 06

South/North Valley (Public Law 109-54)	\$1,000,000
SW Valley Flood Damage Study (Public Law 109-103)	\$500,000
Edith Blvd (Public Law 109-115)	\$3,000,000
Central New Mexico (Public Law 109-103)	\$5,000,000
Total	\$9,500,000

****Congress did not include earmarks in FY 07**

FY 08 (Public Law 110-161)

SW Flood Reduction	\$984,000
Black Mesa -Central New Mexico	\$7,380,000
Valley Utilities Project	\$400,000
MATS	\$150,000
Total	\$8,914,000

FY 09 (Public Law 111-8)

Central New Mexico	\$2,871,000
SW Valley Flood Control	\$3,828,000
Sunport Extension	\$95,000
Valley Utilities	\$1,100,000
Total	\$7,894,000

FY 10 (Public Law 111-85)

South Valley Flood Reduction	\$2,810,000
Total	\$2,810,000

Total Appropriations (FY 05 - FY 10) \$36,268,000

FY 11 (Bill did not become law)

Sunport Blvd	\$1,700,000
Southwest Valley Flood Reduction	\$5,809,000
Total	\$7,509,000

Other Funding/Authorizations

2007 WRDA SW Valley (Public Law 110-114)	\$24,840,000
SAFETEA-LU I-25 N Tramway (Public Law 109-59)	\$2,800,000
Central NM Authorization FY 05 (Public Law 109-103)	\$25,000,000
Total Other Funding/Authorizations	\$52,640,000

Total County Funding (Authorization and Appropriations) \$88,908,000